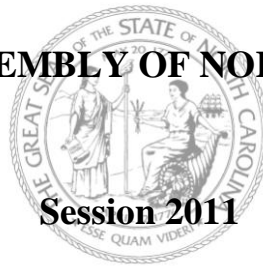


GENERAL ASSEMBLY OF NORTH CAROLINA



FISCAL ANALYSIS MEMORANDUM

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. This is not an official fiscal note. If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

DATE: May 29, 2012

TO: Senate Finance Committee

FROM: Chloe Gossage
Fiscal Research Division

RE: Senate Bill 467 (PCS to 2nd Edition S467-CSSQ-62) Naturopathic Licensure Act

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>
REVENUES:					
NC Naturopathic					
Doctors	\$24,000	\$16,800	\$20,000	\$24,400	\$28,800
Licensing Bd					
Dept. of Justice	\$1,140	\$228	\$266	\$342	\$380
EXPENDITURES:					
NC Naturopathic					
Doctors		** See Assumptions & Methodology **			
Licensing Bd					
Dept. of Justice	\$1,140	\$228	\$266	\$342	\$380
Judicial Branch		** See Assumptions & Methodology **			
Dept. of Correction		** See Assumptions & Methodology **			
POSITIONS					
(cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Naturopathic					
Doctors Licensing Board (new), Department of Justice, Judicial Branch, Dept. of Correction					
EFFECTIVE DATE: When it becomes law.					

BILL SUMMARY:

Senate Bill 467 defines "naturopathic medicine" as a system of natural health care that employs diagnosis and treatment using natural therapies and diagnostic techniques for the promotion, maintenance, and restoration of health and the prevention of disease, including the following:

- Administering or providing any of the following or preventative and therapeutic purposes: natural medicines, natural therapies, natural topical medicines, hydrotherapy, dietary therapy, and naturopathic physical medicine.
- Using diagnostic procedures, including physical and orificial examination, but excluding endoscopy, sigmoidoscopy, and colonoscopy.
- Ordering and interpreting laboratory tests and diagnostic imaging, but excluding electrocardiograms, echocardiograms, electroencephalograms, nuclear imaging, MRIs, CT scans, and other tests that should be conducted and interpreted by a licensed physician.

Senate Bill 467 defines the scope of practice of naturopathic medicine and creates a licensure requirement for anyone practicing naturopathic medicine on or after January 1, 2012. Licenses will be granted by the North Carolina Naturopathic Doctors Licensing Board (Board) as established in the bill. The Board is authorized to impose the following fees:

- Application and examination \$200.00
- License \$600.00
- License renewal \$400.00
- Late renewal \$200.00
- Reinstatement \$1,000.00
- Reasonable charges for duplication services and material.
- Criminal history record check fee equal to the amount imposed by the Department of Justice to conduct the criminal history record check requested by the Board.

Licenses will expire every year on the date issued unless it is renewed. Any person practicing as a naturopathic doctor, performing naturopathic medicine, or using any card, title, or abbreviation to indicate that the person is a naturopathic doctor without a license is guilty of a Class I Felony.

Source: Legislative Research Division

ASSUMPTIONS AND METHODOLOGY:**North Carolina Naturopathic Doctors Licensure Board*****Revenue***

Materials presented to the Legislative Committee on New Licensing Boards indicate that the North Carolina Association of Naturopathic Physicians (NCANP) currently has 30 members who are naturopathic physicians who meet national licensure standards. It is anticipated that all 30 members will apply for licensure in North Carolina under this Act.

Additional data provided to the 2011 Legislative Committee on New Licensing Boards for comparison purposes indicated that, since the North Carolina Acupuncture Licensing Board was established in 1993, the number of licensed acupuncturists grew from 15 to more than 300. This would equate to a growth rate of approximately 20 percent annually.

Using an estimate of a 20 percent growth rate, licensure and fees in the first five years would be as follows:

	Fee	FY2013	FY2014	FY2015	FY2016	FY2017
New applicants		30	6	7	9	10
Renewals			30	36	43	52
Application & Examination	\$200	\$6,000	\$1,200	\$1,400	\$1,800	\$2,000
License	\$600	\$18,000	\$3,600	\$4,200	\$5,400	\$6,000
License Renewal	\$400		\$12,000	\$14,400	\$17,200	\$20,800
Total		\$24,000	\$16,800	\$20,000	\$24,400	\$28,800

The above analysis assumes that all applicants are issued licenses and renew those licenses annually in a timely manner. Potential fees due to late renewals or reinstatements are unknown.

Expenditures

Although the legislation permits the Board to hire personnel and incur operating expenses, no funds are appropriated to the Board. Therefore, it is assumed that the Board's operating expenses will be constrained by the revenue generated from the aforementioned fees.

Department of Justice

Revenue

The Department of Justice (DOJ) reports that a fee of \$38 is charged to perform each criminal background check. Of this fee, \$22 is forward to the Federal Bureau of Investigation (FBI) for a check of federal databases, and the remaining \$16 is retained by DOJ. Of this \$16, \$14 goes to a check of North Carolina databases and \$2 is used for the processing cost associated with the request.

Expenditures

The proposed changes in the bill may increase the workload and number of background checks the SBI may have to review and process. However, the bill makes no changes to 114-19.2 (c) which allows DOJ to charge a reasonable fee to recover their costs. Because this fee mechanism remains intact, the Department does not project that the proposed legislation will have a material fiscal impact on the SBI or DOJ.

Judicial Branch & Department of Correction

The proposed legislation would create a new Class I felony offense. New charges would impact court resources, and new convictions would impact the Department of Correction, Division of Prisons or Division of Community Corrections. At this time, the projected impact has not been determined.

SOURCES OF DATA: Legislative Commission on New Licensing Boards, Department of Justice.

TECHNICAL CONSIDERATIONS: None